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SUBJECT: ASSISTANT SECRETARY SULLIVAN'S MEETING WITH FRENCH
AUTHORITIES ON THE PRESIDENT'S MAJOR ECONOMIES CONFERENCE

REF: (A) Paris 2065 (B) Paris 2747 (C) State 109658

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¶1. (SBU) Summary. On August 9, EEB Assistant Secretary Dan Sullivan met with officials from France's Ministry of Ecology, Ministry of Foreign Affairs, and the Prime Minister's office, to discuss the President's September 27-28 Major Economies Conference. The French were supportive of the initiative, noting that U.S. leadership will be necessary to bring emerging countries, such as India and China, to the table. All French officials noted, however, that conference topics should include technological innovation and market-based instruments to limit emissions. The French also expressed interest in having more than one representative participate in the conference. End summary.

¶2. (SBU) In all his meetings, A/S Sullivan set out the general goals of the conference, which he emphasized was the beginning of a process to reach agreement on a new global framework and long-term global goal on greenhouse gas (GHG) reductions by the end of 2008. He underscored that this goal and the global framework developed by the major economies would contribute to a global agreement under the U.N. Framework Convention on Climate Change by 2009.

Ministry of Ecology
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¶3. (SBU) Alexandre Joly, Cabinet Deputy Director for the Minister of Ecology, Sustainable Development and Sustainable Planning (MEDAD) Jean-Louis Borloo, told A/S Sullivan that the GOF is re-creating its environmental policy. Following up on President Sarkozy's pledge during the presidential campaign, the GOF is preparing for a meeting in October 2007 that will define a new approach to environmental policy and an action program for the next five years. The U.S. conference in September will occur in the middle of this review process, which will make it difficult for France to make any firm

commitments. Nonetheless, there is already a certain consensus about the importance of an "economic approach" to improving energy efficiency in the housing sector, reducing vehicle emissions by twenty-five percent, and increasing the percentage of renewables in the overall energy mix (i.e. EU's 2020 target).

¶4. (SBU) Joly explained that the new "super-ministry" has structured itself to be "a weapon against climate change." The ministry consolidates parts of four different ministries and oversees sectors which account for sixty percent of GHG emissions in France (see refuels for further clarification on the new super-ministry). Because Minister Borloo is influential in the GOF, Joly believes the Ministry will be able to implement considerable changes in environmental policy.

¶5. (SBU) Joly welcomed and indicated there would be French support for President Bush's climate initiative, stating that U.S. leadership will be critical in order to get emerging emitters such as India and China to agree to reductions in their GHG emissions. The GOF will consider the conference a success if a consensus emerges that includes India and China. However, he noted that France is concerned about the U.S. focus on technical solutions. Joly added that France strongly believes that market mechanisms are required to change behavior and limit emissions. Joly believes Minister Borloo would be interested in attending one day of the conference, but asked for clarification of the schedule to determine where ministerial participation would be most appropriate. He also asked for recommendation for appropriate level of attendance at other sessions.

¶5. (SBU) Joly added that the GOF has already created a matrix similar to that which the United States will request all countries fill out prior to the Major Economies Conference. He noted that France has gone one step further in determining the return on investment for each of France's energy programs. The obvious technological solution for reducing GHG emissions is nuclear power,

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he said, which accounts for seventy-nine percent of France's energy production. Another twelve percent comes from hydro-power. The end result is that there are few GHG emissions in France's power sector.

Ministry of Foreign Affairs

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¶6. (SBU) Cyrille Pierre, MFA Acting Director for Economic and Financial Affairs, and Frederic Joureau, MFA Environment Officer, were generally supportive of the U.S. initiative, calling it an "interesting approach" to gather all the main emitters. They were relieved to learn that the initiative will not be a substitute to a more broad-based approach to reducing GHG emissions under the UNFCCC. Echoing the sentiment at the Ministry of Ecology, MFA officials highlighted the importance of recognizing market-based solutions as a way to change behavior and spur technology development. They also said they hoped the initiative would be more than "just an extension of the Asian Pacific Partnership" with its perceived focus on technical solutions to GHG emissions. The "key to any post-2012 framework will be to find ways to merge both technological and market-based approaches," the said. "Only by doing this will everyone agree to be involved." The International Energy Agency (IEA), for example, has developed some approaches along these lines, mixing technical cooperation with policy measures and market-based instruments.

¶7. (SBU) MFA officials also expressed concern that the EU was only granted 10 seats total, and one for France. They did not view this as sufficient. They also thought it would make sense to give the international financial institutions a seat at the table at the conference, particularly given the World Bank's ongoing work regarding climate change issues. Finally, they raised concerns over the link between trade policies and climate change. Specifically, the GOF believes developing countries should be required to commit to lowering tariffs on environmental goods and services in exchange for technology transfer from developed economies. Pierre and Joureau suggested the conference would be a good time to discuss a

"global bargain" in this area.

Prime Minister's Office

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18. (SBU) A/S Sullivan heard similar themes -- including an interest in discussing market mechanisms at the conference -- in a meeting with diplomatic, energy and transportation advisors to Prime Minister Francois Fillon. Energy and Industrial Policy Advisor David Molho and Diplomatic Affairs Counselor Arnaud Barthelemy also probed for U.S. thinking on the interplay among national mid-term goals, long-term goals, and, possibly, sectoral goals. Molho suggested that it might be appropriate to include discussion of green taxes, as well as tariff issues, on the agenda. Barthelemy also asked for clarification of delegation size, indicating that it would be helpful if French representation was not limited to one participant.

19. (SBU) Barthelemy and Molho welcomed A/S Sullivan's suggestion that U.S. officials would continue consulting with partners in the time remaining before the conference. This would be particularly important in fleshing out information the United States hoped to generate prior to the conference. In response to questions about the timing of the conference so soon after Ban Ki Moon's climate change dinner, A/S Sullivan assured his interlocutors that the United States sees the major economies conference as fully supportive of -- not competing with -- U.N. efforts. Looking ahead, Barthelemy asked whether the conference would result in an agreed conference statement. He suggested informally that a chairman's summary might help reduce the amount of time that could get otherwise get taken up with negotiating a formal statement.

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110. (U) A/S Sullivan cleared this cable.

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